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9 Attorneys for Nobuaki Kobayashi, in his
capacity as the Civil Rehabilitation Trustee and
10 Foreign Representative of MtGox Co., Ltd., a/k/a
11 MtGox KK

12 UNITED STATES DISTRICT COURT
13 NORTHERN DISTRICT OF CALIFORNIA
14

15 United States of America,

16 Plaintiff,

17 vs.

18 Approximately 69,370 Bitcoin (BTC), Bitcoin
Gold (BTG) Bitcoin SV (BSV) and Bitcoin
19 Cash (BCH),

20 Defendants.

Civil Action No.3:20-cv-07811-RS

[Honorable Richard Seeborg]

**DECLARATION OF YUTAKA KURODA
IN SUPPORT OF MOTION FOR DIRECT
ACCESS AND INTERVENTION**

DATE: June 10, 2021

TIME: 1:30 p.m.

CTRM 3

1 I, Yutaka Kuroda, declare:

2 1. I am a partner with the law firm of Nagashima Ohno & Tsunematsu, and deputy
3 trustee to Mr. Nobuaki Kobayashi, in his capacity as the Civil Rehabilitation Trustee and Foreign
4 Representative of MtGox Co., Ltd., a/k/a MtGox KK (“MtGox”). I make this declaration in
5 support of Mr. Kobayashi’s motion for direct access and intervention. I have personal knowledge
6 of the facts stated herein, and if called as a witness, I could and would competently testify thereto.

7 2. The bankruptcy proceeding of MtGox¹ started on April 24, 2014, and thereafter, Mr.
8 Kobayashi and our team sought a partner in the cryptocurrency industry who can assist the
9 bankruptcy trustee and his team on the bankruptcy proceedings. After conducting a selection
10 process for such partner among several candidates, our team decided to choose Payward Japan Co.,
11 Ltd (“Payward”) as the partner who would assist the bankruptcy proceedings. On November 26,
12 2014, Mr. Kobayashi, as the bankruptcy trustee of MtGox, entered into an agreement with Payward
13 for assistance on the bankruptcy proceedings, with Payward, Inc. as a guarantor to Payward (the
14 “Assistance Agreement”). Under the Assistance Agreement, Payward agreed to assist the trustee
15 with the investigation of the assets of MtGox, including, among others, review and analysis of
16 bitcoin of MtGox, data recovery, reconciliation of MtGox database and blockchain, as well as a
17 review of consistency among several databases. As part of the assistance in the investigation,
18 Payward introduced Michael Gronager (“Gronager”) to the trustee, and offered that Payward would
19 assist the trustee’s team on the investigation through Gronager.

20 3. Because there was a discrepancy between the balance of bitcoins recorded on the
21 MtGox database and records on blockchain, we first needed to understand the true and accurate
22 balance of bitcoin left in each user account of MtGox. Therefore, our office requested that
23 Gronager compare the transactions in the MtGox database and the transactions in blockchain (*i.e.*,
24

25 ¹ The bankruptcy proceedings of MtGox started on April 24, 2014, and later transformed into the
26 Civil Rehabilitation Proceeding on June 22, 2018, which is the currently pending proceeding of
27 MtGox before the Tokyo District Court. In the previous bankruptcy proceedings, Mr. Kobayashi
28 was appointed as the bankruptcy trustee of MtGox.

1 a reconciliation analysis). This exercise was necessary to review the amount of claims by each
2 creditor of MtGox because the accuracy of the database of MtGox was critical.

3 4. We further requested that Gronager analyze and provide a report on the transactions
4 recorded in the MtGox database—but not shown in the blockchain. Then, if possible, Gronager
5 was to examine such transactions to determine the location that the bitcoin was transferred to—out
6 of MtGox—so that we could understand how the leakage of bitcoin from MtGox happened, which
7 would assist us to identify suspicious transactions.

8 5. The goal of this analysis was to review and fix the MtGox database which was
9 considered to be hacked, and to determine how the leakage happened. While I believe, at that point
10 in time, we would not have rejected receiving any information on the final destination of the leaked
11 bitcoin if provided, our focus was more on fixing the MtGox database and understanding the leakage
12 mechanism.

13 6. After receiving and reading Gronager Report, I understood that Gronager's analysis
14 concluded that MtGox bitcoin was leaked or transferred from MtGox to Tradehill, BTC-e, and
15 certain MtGox wallets. However, my understanding is that the Gronager Report did not determine
16 whether there were any further transfers of bitcoin leaked or stolen from MtGox to other transferee
17 wallets or locations. The report states the said leakage or transfer of bitcoin, in the context of the
18 theft, occurred during October 1, 2011 and May 21, 2014, and it does not state that the leaked bitcoin
19 remained in the specified wallets specified in the report.

20 7. Further, the Gronager Report is a report prepared based on an investigation and
21 analysis conducted by a private person. While I respect Gronager's efforts and expertise, I
22 understand that his investigation was carried out with limited data, *i.e.*, the MtGox database, certain
23 supplemental information from us, and blockchain (which is publicly available). I do not think he
24 had an access to internal database or accounts of BTC-e or Tradehill. Therefore, especially in the
25 context of subsequent transfers after leakage to the wallets of BTC-e or Tradehill, and as a nature
26 of a private investigation report, I believe the report and investigation cannot be perfect and
27

1 comprehensive compared to the investigation conducted by investigative authorities which have
2 power to collect broader evidence. Given such imperfect nature of the Gronager Report, I believe
3 that we need to examine other evidence to see, for example, whether any of the bitcoin stolen from
4 MtGox was subsequently transferred to Silk Road wallets that were subject of the seizure.

5
6 I declare under penalty of perjury under the laws of the United States that the foregoing is
7 true and correct, and signed on the date set forth below in Tokyo, Japan.

8
9 Dated: May 14, 2021.


Yutaka Kuroda